

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

**Board of Patent Appeals and Interferences**

Appellants: James Michael Odom and Scott D. Yelich  
Application No.: 10/606,100  
Filing Date: June 25, 2003  
Title: Method of Lottery Wagering on a Real World Phased Competition  
Examiner: Adetokunbo Olusegun Torimiro  
Art Unit: 3714

**APPEAL BRIEF**

In accordance with 37 C.F.R. 41.37, Appellants hereby submit this Brief in furtherance of the Notice of Appeal, filed in this case on March 19, 2009, and received by the U.S. Patent and Trademark Office on March 19, 2009.

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**CERTIFICATE OF TRANSMISSION UNDER 37 C.F.R. 1.8**

I hereby certify that this correspondence is being submitted to the United States Patent and Trademark Office, on the date shown below.

On: July 10, 2009

By: 

Name: David Griner

Telephone Number: (512) 637-0800

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### **I. Real Party in Interest**

The real parties in interest in this appeal are James Michael Odom and Scott D. Yelich.

### **II. Related Appeals and Interferences**

There are no prior or other pending appeals, judicial proceedings, or interferences known to Appellants which may be related to, directly affect, be directly affected by, or have a bearing on the Board's decision in this appeal.

### **III. Status of Claims**

#### **A. Total Number of Claims in Application**

There are a total of 20 claims in the application.

#### **B. Status of All the Claims**

1. Claims canceled: Claims 2, 3, 6, 7, 9-12, 14, 17, 18, and 20-27.
2. Claims withdrawn from consideration but not canceled: None.
3. Claims pending: Claims 1, 4, 5, 8, 13, 15, 16, 19, and 28-39.
4. Claims allowed: None.
5. Claims rejected: Claims 1, 4, 5, 8, 13, 15, 16, 19, and 28-39.

#### **C. Claims on Appeal**

The claims on appeal are: 1, 4, 5, 8, 13, 15, 16, 19, and 28-39.

### **IV. Status of Amendments**

Appellants have not filed any amendments subsequent to final rejection.

## V. Summary of Claimed Subject Matter

This invention relates generally to the field of wagering systems.<sup>1</sup> More particularly, the disclosed system relates to a method of administering a lottery wagering system where the lottery is based upon a competition, and, prior to the competition beginning, one or more wagers select a set of numbers from a subset of numbers, and, after the numbers are selected, the subset of numbers are randomly assigned to participants in the competition. After the competition is conducted and the outcome is determined, the random numbers from the set of lottery numbers associated with the winners of the competition are assigned as winning lottery numbers. A prize is then awarded to a wagerer whose picked numbers correspond to the winning lottery numbers. Thus the winning lottery numbers are determined by the outcome of the competition, but because the wagerer does not know when he picks his lottery numbers which numbers will be assigned to which participants the probability of a player winning the lottery is completely random.

The Application contains four independent claims 1, 28, 36, and 37, all of which are the subject of this Appeal. The subject matter of these claims is summarized below. Claims 4, 5, 8, 13, 15, 16, 19, 29-35, 38, and 39 are in dependent form, and are also the subject of this Appeal.

### Independent Claim 1

With regard to the aspect of the invention set forth in independent claim 1, discussions of the recited features of claim 1 can be found at least in the below cited locations of the specification. By way of example, FIG. 1, 2A and 2B illustrates a method for determining final participants from the conclusion of a pre-qualifying event of a phased competition, including accepting a wager from a wagerer<sup>2</sup>, the wager corresponding to wagering data  $D_W$  including one

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<sup>1</sup> Page 1, line 1.

<sup>2</sup> FIG. 2A, reference number 16

or more picked numbers<sup>3</sup>; assigning random numbers to the final participants<sup>4</sup>; assembling concluding data  $D_C$  for final participants after conclusion of a final event of a phased competition<sup>5</sup>; determining at least one winner from the final participants of the final event based on the concluding data  $D_C$ <sup>6</sup>; correlating the concluding data  $D_C$  of a winner to the random number assigned to the winner;<sup>7</sup> determining winning lottery data  $D_L$  based on the correlating step such that there is an equal probability of any of the random numbers being included in  $D_L$ <sup>8</sup> and awarding a prize to a wagerer whose wagering data corresponds to the winning lottery data,<sup>9</sup> the random numbers being assigned to the final participants after accepting the wager so that the wagerer does not know which participant corresponds to the one or more picked numbers when they are picked so that the winning lottery data is determined by the outcome of the competition but the probability of a player winning is random.<sup>10</sup>

#### **Independent Claim 28**

Independent Claim 28 is directed to a method of operating a lottery wagering system in which the winning lottery numbers are determined by the outcome of a competition involving multiple participants. The method includes accepting multiple wagers from wagerers, each wager including a group of picked numbers, where the picked numbers are part of a subset of a set of available lottery numbers.<sup>11</sup> The set of available lottery numbers are then randomly associated with the multiple participants in the competition only after all of the multiple wagers

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<sup>3</sup> Page 5, lines 7 - 12; FIG. 2A, reference number 13.

<sup>4</sup> Page 6, lines 9 - 10.

<sup>5</sup> Page 5, lines 3 - 6; FIG. 1, reference number 114.

<sup>6</sup> FIG. 2B, reference numbers 26 and 28.

<sup>7</sup> FIG. 2B, reference numbers 26 and 28.

<sup>8</sup> Page 15, lines 4 - 11.

<sup>9</sup> FIG. 2B, reference number 32.

<sup>10</sup> Page 5, lines 24-26.

<sup>11</sup> Page 13, lines 9 - 17; FIG. 2A, reference number 12.

are accepted from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are picked.<sup>12</sup>

The competition is then conducted and the outcome is determined.<sup>13</sup> After the competition is conducted and the outcome is determined, the random numbers from the set of lottery numbers associated with the winners of the competition are assigned as the winning lottery numbers.<sup>14</sup> A prize is awarded to the wagerer whose picked numbers correspond to the winning lottery numbers, where the winning lottery numbers were determined by the outcome of the competition, and the wagerer did not know at the time his numbers were picked which numbers of his subset would be associated with which participants so that the probability of a player winning the lottery is random.<sup>15</sup>

**Dependent claim 30**

Claim 30 depends from claim 28, and specifies that the competition is an entertainment award competition.<sup>16</sup>

**Independent claim 36**

Claim 36 is directed to a computer readable media,<sup>17</sup> including computer instructions for carrying out the steps of accepting multiple wagers from wagerers, each wager including a group of picked numbers, where the picked numbers are part of a subset of a set of available lottery numbers.<sup>18</sup> The set of available lottery numbers are then randomly associated with the multiple participants in the competition only after the wagers are accepted from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are

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<sup>12</sup> Page 14, lines 10 – 12, lines 18 – 28; FIG. 2A, reference numbers 12, 22, and 24.

<sup>13</sup> FIG. 1, reference numbers 100 - 114.

<sup>14</sup> Page 15, lines 27 – 28; FIG. 2A, reference number 22.

<sup>15</sup> Page 16, lines 4 - 5; FIG. 2B, reference number 32.

<sup>16</sup> Page 17, lines 3 -4; Table 1, row 4.

<sup>17</sup> Page 10, line 30 through page 11, lines 1 through 3.

<sup>18</sup> Page 13, lines 9 – 17; FIG. 2A, reference number 12.

picked.<sup>19</sup> The competition is then conducted and the outcome is determined.<sup>20</sup> After the competition is conducted and the outcome is determined, the random numbers from the set of lottery numbers associated with the winners of the competition are assigned as the winning lottery numbers.<sup>21</sup> A prize is awarded to the wagerer whose picked numbers correspond to the winning lottery numbers, where the winning lottery numbers were determined by the outcome of the competition, and the wagerer did not know at the time his numbers were picked which numbers of his subset would be associated with which participants so that the probability of a player winning the lottery is random.<sup>22</sup>

### **Independent Claim 37**

Claim 37 is directed to a lottery system. The lottery system includes a computer processing unit, a computer memory storing computer instructions<sup>23</sup> for carrying out the steps of accepting multiple wagers from wagerers, each wager including a group of picked numbers, where the picked numbers are part of a subset of a set of available lottery numbers.<sup>24</sup> The set of available lottery numbers are then randomly associated with the multiple participants in the competition only after the wagers are accepted from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are picked.<sup>25</sup> The competition is then conducted and the outcome is determined.<sup>26</sup> After the competition is conducted and the outcome is determined, the random numbers from the set of lottery numbers associated with the winners of the competition are assigned as the winning lottery numbers.<sup>27</sup> A

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<sup>19</sup> Page 14, lines 10 - 12, lines 18 - 28; FIG. 2A, reference number 22.

<sup>20</sup> FIG. 1, reference numbers 100 - 114.

<sup>21</sup> Page 15, lines 27 - 28; FIG. 2A, reference number 22.

<sup>22</sup> Page 16, lines 4 - 5; FIG. 2B, reference number 32.

<sup>23</sup> Page 13, lines 1 through 8.

<sup>24</sup> Page 13, lines 9 - 17; FIG. 2A, reference number 12.

<sup>25</sup> Page 14, lines 10 - 12, lines 18 - 28; FIG. 2A, reference number 22.

<sup>26</sup> FIG. 1, reference numbers 100 - 114.

<sup>27</sup> Page 15, lines 27 - 28; FIG. 2A, reference number 22.

prize is awarded to the wagerer whose picked numbers correspond to the winning lottery numbers, where the winning lottery numbers were determined by the outcome of the competition, and the wagerer did not know at the time his numbers were picked which numbers of his subset would be associated with which participants so that the probability of a player winning the lottery is random.<sup>28</sup>

## **VI. Grounds of Rejection to be Reviewed on Appeal**

### **A. First Issue**

Whether Claims 1, 4, 5, 8, 13, 15, 16, 19, 28, 29, and 31-39 are unpatentable under 35 U.S.C. 103(a) over Hannan in view of Champion.

### **B. Second Issue**

Whether Claim 30 is unpatentable under 35 U.S.C. 103(a) over Hannan in view of Champion and further in view of Perlin.

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<sup>28</sup> Page 16, lines 4 - 5; FIG. 2B, reference number 32.



## VII. Argument

Claims 1, 4, 5, 8, 13, 15, 16, 19, 28, 29, and 31-39 stand rejected as being unpatentable under 35 U.S.C. 103(a) over Hannan (U.S. Pat. App. No. 2004/0029627) in view of Champion (U.S. Pat. No. 4,692,950). Claim 30 stands rejected as being unpatentable under 35 U.S.C. 103(a) over Hannan (U.S. Pat. App. No. 2004/0029627) in view of Champion (U.S. Pat. No. 4,692,950) in further view of Perlin (U.S. Pat. App. No. 2004/0043810). The rejections are not well founded and should be reversed. For the purposes of this appeal all of the rejected claims do not stand or fall together. In addition to being allowable for the reasons described below claims 28-34 contain different claim language that requires them to be considered separately and that makes them separately patentable.

### Overview of a Preferred Embodiment

To facilitate an understanding of the invention and the prior art, Appellants will first briefly describe an embodiment of the invention. Appellants will then point out the specific claim elements that differentiate over the references.

The rejected claims are directed at a method of operating a lottery wagering system in which the winning lottery numbers are determined by the outcome of a competition involving multiple participants. For example, the method could be applied to a car race involving a large number of drivers. Prior to the beginning of the race, wagerers would select a set of numbers from a subset of numbers equal to the number of participants in the race. After all wagerers have each selected (or had selected for them) a set of lottery numbers, corresponding numbers are then randomly assigned to the racers in the competition. Significantly, the wagerers do not know which race participant will be assigned to a selected number when the lottery numbers are selected.

The race is then run, and at the completion of the race, the winning lottery numbers are determined by the outcome of the race. A prize can then be awarded to the wagerer whose picked numbers correspond to the winning lottery numbers. The winning lottery numbers are thus determined by the outcome of the competition. Although the claimed method retains the typical feature of allowing lottery wagerers to select their own numbers, the probability of winning the lottery remains random because the wagerers do not know which numbers will be assigned to which participant at the time the numbers are selected.

**A. Whether Claims 1, 4, 5, 8, 13, 15, 16, 19, 28, 29, and 31-39 are unpatentable under 35 U.S.C. 103(a) over Hannan in view of Champion.**

Claims 1, 4, 5, 8, 13, 15, 16, 19, 28, 29, and 31-39 stand rejected as being unpatentable under 35 U.S.C. 103(a) over Hannan (U.S. Pat. App. No. 2004/0029627) in view of Champion (U.S. Pat. No. 4,692,950). Appellants submit that the rejected claims all contain limitations which are not described or taught by the cited references. Further, the Examiner has failed to provide any reasonable rationale supporting the combination of references.

**1. *The references do not teach all of the elements of the rejected claims.***

To establish a *prima facie* case of obviousness, the prior art reference (or references when combined) must teach or suggest all the claim limitations. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991); *CFMT, Inc. v. Yieldup Intern. Corp.*, 349 F.3d 1333, 1342 (Fed. Cir. 2003). A rejection based on § 103 must rest on a factual basis, with the facts being interpreted without hindsight reconstruction of the invention from the prior art. *In re Warner*, 379 F.2d 1011, 154 USPQ 173, 178 (CCPA 1967), *cert denied*, 389 U.S. 1057 (1968). In making this evaluation, the Examiner has the initial duty of supplying the factual basis for the rejection he advances. He may not, because he doubts that the invention is patentable, resort to

speculation, unfounded assumptions or hindsight reconstruction to supply deficiencies in the factual basis. *Ex parte Haymond*, 41 USPQ2d 1217, 1219 (Bd. Pat. App. & Inter. 1996).

All of the rejected claims are directed at a method of administering a lottery wagering system where the lottery is based upon a competition. All of the rejected claims require, in addition to other limitations, a selection of numbers by or for the wagerer and, after the numbers are selected, a random assignment of corresponding numbers to the participants.

For example, claim 1 requires, among other limitations, "accepting a wager from a wagerer, the wager . . . including one or more picked numbers" and "assigning random numbers to the final participants . . . the random numbers being assigned to the final participants after accepting the wager so that the wagerer does not know which participant corresponds to the one or more picked numbers when they are picked so that the winning lottery data is determined by the outcome of the competition but the probability of a player winning is random."

Thus, there are two number assignment steps required by the rejected claims. First, numbers are selected by or for the wagerer. Then, after the selection of wagerer numbers is completed, numbers are then randomly assigned to the participants "so that the wagerer does not know which participant corresponds to the one or more picked numbers when they are picked." None of the cited references, either alone or in combination, teaches such a method.

Hannan teaches a "Skill Based Lottery System" where the wagerers select the participants directly. For example, using the system taught by Hannan, a wagerer could select six participants and if those participants were the top six finishers in the competition, the wagerer would win the "lottery." Significantly, the identification of the participants is already known before the wager takes place. Although Hannan does suggest a "quick pick" option to make selections for the wagerer, the quick pick option would only make the selection of participants

for the wagerer. In other words, it would only satisfy the first number assignment step required by Appellants' claims. The reference does not teach or even suggest a random assignment of numbers or participant identification after the wager is made.

In fact, nothing in the Hannan reference suggests any random assignment of numbers to participants at all. Instead, the participants in the contests described by Hannan are assigned numbers based upon their PGA ranking (golfers), pole position (NASCAR), or else not assigned numbers at all and selected by name. Hannan, ¶¶ 0012, 0014, and 0019.

In Champion, a wager coupon is provided with an admission ticket to a pari-mutuel event such as a horse track. Col. 1, lines 54-58. The wager coupon does not include a specific wager; instead, it includes a limitation that defines a class of wagers. When the bettor scratches off the covering, he knows what the limitations of the wager are before he places a bet. Col. 5, lines 3-38. If the limitations are general, such as a race number or a type of bet (e.g., exacta), the bettor then uses skill to decide on the actual wager by picking the horses to bet on. Even in embodiments in which a particular horse or jockey is specified, the bettor can pick the race, which does not need to be on the same day as the ticket purchase, in which the bettor believes the wager has the best chance of success. Col. 5, lines 35-38. Thus, all of the embodiments taught by Champion involve some degree of skill or judgment in placing the bet. In every embodiment taught by Champion, the identities of the participants (the particular horses) are always known before the wager is placed. As a result, Champion does not teach a system in which random numbers are assigned to the final participants after accepting the wager and in which "the wagerers do not know which participants are associated with the picked numbers when they are picked."

Further, like Hannan, Champion does not teach any kind of random number assignment to participants at all, either before or after the wagers are placed. A person of ordinary skill in the art would know that, while a racetrack typically assigns numbers to horses, those numbers are not assigned randomly but instead reflect the post position of the horse. The post positions are usually selected by the owners/trainers in an order determined by a drawing. While the order of selection may be random, the post positions are strategically selected based upon a horse's running style, the track layout, the running styles of the other horses in the race, etc. As a result, nothing in the Champion reference suggests any kind of random number assignment to the race participants, much less a random assignment after all bets are placed. Even if the post positions were assigned randomly, they obviously are not assigned after the wagering is completed because the betting at a parimutuel event is by horse (or greyhound) number.

The Examiner admits that Hannan does not disclose the limitation of assigning random numbers to the final participants after accepting the wagers so that the wagerers do not know which participants are associated with the picked numbers when they are picked. The Examiner argues, however, that this limitation is taught by Champion. For support, the Examiner cites the abstract for Champion which, according to the Examiner, "teaches on concealing the wager from the player until after the wager has been made via purchasing the admission tickets, which means that the player do not know which participants are associated with their wager prior to indirectly selecting/picking them."

Appellants submit that the Examiner appears to be confusing the admission ticket with the actual wager. As is known by persons of ordinary skill in the art, racetracks typically charge an admission fee for entry into the racetrack while races are being held. According to Champion, the admission ticket purchased by a patron can also include a wagering stub with a concealed

wager. Even though the wagering stub may be given to the patron at the time of admission, entry into the racetrack is not the same thing as placing a wager. Before a wager is placed, the wagerer has to take the wagering stub to a betting window and use the wagering stub to place a bet. The wager cannot be placed until the concealed wager is exposed and the wagerer decides how to place the bet (i.e., picks which horses to include in the bet, or selects which race to bet on, etc.). And as explained above, in every embodiment taught by Champion, the identity of the participants in the races are already known at the time the bet is placed. Thus, Champion cannot teach the limitations in the rejected claims.

Appellants note that much of the Examiner's discussion is focused on the general concept of "randomization," rather than a discussion of the actual limitations found in Appellants' claims. With all due respect, it appears that the Examiner has improperly based his rejections upon his interpretation of the "gist" or "thrust" of the application, rather than an examination of the actual claimed invention. *See Bausch & Lomb v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 447-49, 230 USPQ 416, 419-20 (Fed. Cir. 1986), *cert. denied*, 484 U.S. 823 (1987) (District court erred by focusing on "concept of forming ridgeless depressions having smooth rounded edges using a laser beam to vaporize the material" while disregarding express limitations in claims); *see also* MPEP § 2142.02(II).

Accordingly, Appellants submit that the combination of cited references does not teach the limitations of the rejected claims. Consequently, the Examiner's rejections under § 103 are improper and should be reversed.

**2. *No reason to combine the references in the fashion claimed.***

Appellants initially note that the U.S. Supreme Court has expressly noted that rejections on obviousness grounds "cannot be sustained by mere conclusory statements; instead, there must

be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." *KSR Int'l Co. v. Teleflex, Inc.*, 127 S.Ct. 1727, 1740-41(2007). Further, an acceptable reason must be able to justify the combination in the fashion claimed by the rejected claims. *Id.*

Here, the Examiner has failed to articulate an acceptable reason to combine the supposedly known elements in the prior art in the fashion claimed by Appellants' claims.

According to the Examiner:

"Therefore, it would have been obvious to one of ordinary skill in the art at the time the invention was made to have modified Hannan'627 . . . as it is suggested in the description of typical lotteries for the purpose of providing a lottery game that does not require skill but is related to how participants perform in a sporting event, thereby increasing the number of players who may be interested in the game. By providing randomization of numbers associated with the final participants instead of known ranks, randomness is achieved, skills eliminated, and Hannan'627 still achieves the objective' of having the winning numbers being determined by the results of a sporting event."

Office Action of Nov. 19, 2008, at 5-6.

Appellants respectfully submit that the Examiner's "reason" for combining the references is nothing more than a restatement of the general purpose of the Hannan reference modified to plug in a randomness component so that it will read on Appellants' claims. There is nothing to indicate that eliminating any skill in the selection of participants would "increase the number of players who may be interested in the game." This statement is nothing more than pure speculation by the Examiner expressed in a completely conclusory fashion. To provide a sufficient reason for a combination of references, the Examiner must explain why the reason would have been obvious to a person of ordinary skill in the art at the time of the invention. This kind of "mere conclusory statement" is not enough to justify a rejection for obviousness. *See KSR Int'l Co. v. Teleflex, Inc.*, 127 S.Ct. 1727, 1740-41(2007).

Not only is this reason not sufficiently articulated or explained under the holding of *KSR*, it also makes little sense. Instead of increasing the numbers of players who would be interested in the game, the opposite would almost certainly be true. Hannan and Champion both make the point that skill-based betting systems are more exciting to wagerers. Further, persons of ordinary skill in the art would recognize that at the time of Appellants' invention significantly more revenue was generated in the U.S. from sports betting (skill-based betting) than from lotteries. See Pamela M. Prah, "States Cash In On Americas Love Affair With Gambling," <http://www.stateline.org/live/ViewPage.action?siteNodeId=136&languageId=1&contentId=15898> ("States made \$14 billion in profits on the \$45 billion in lottery tickets they sold in fiscal 2003..."); Ari Weinberg, "The Case For Legal Sports Gambling," *Forbes*, [http://www.forbes.com/2003/01/27/cx\\_aw\\_0127gambling.html](http://www.forbes.com/2003/01/27/cx_aw_0127gambling.html) (noting that in 1999, sports wagering in Nevada totaled \$2.5 billion, U.S. parimutuel betting totaled \$18 billion, and illegal sports betting in the U.S. totaled \$80 to \$360 billion).<sup>29</sup> This is despite the fact that lotteries have a significant built-in advantage in that lotteries are almost exclusively state-run and thus legal, while the bulk of sports betting in this country is illegal. Thus, the reason offered by the Examiner would provide absolutely no justification for any person of ordinary skill in the art to combine or modify the references to produce the invention described in Appellants' claims.

Further, despite the Examiner's argument to the contrary, both the Hannan and Champion references strongly teach away from the modification suggested by the Examiner. The stated purpose of the invention disclosed in the Hannan reference is to provide "a skill based lottery system wherein winning, rather than depending on a random selection, is determined by the outcome of a pre-selected sporting event or events." Hannan at ¶ 0002. According to the

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<sup>29</sup> While Appellants recognize that evidence cannot be introduced with the Appeal Brief, these citations are given to illustrate the information that would have been known by a person of ordinary skill in the art at the time of Appellants' invention.



reference, "[t]here is also a need for a skill-based lottery to increase interest in lottery type gaming by permitting players to have an increased chance of success. It is a further object of the present invention to provide a novel lottery game in which the winning combination is not the result of a random number generator, but is instead based on the outcome of sporting events." ¶¶ 0008-0009.

It is well-established that a prior art reference "must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention." MPEP § 2141.02(VI) (quoting *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 USPQ 303 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984)). Here, the entire focus of 8 pages of specification and claims is on a skill-based lottery system where wagerers directly select the participants that they believe will win or place highly in the contest. The only mention of a random selection is one sentence that states that the game can be offered with a "quick pick" option. The modification suggested by the Examiner would turn the entire lottery system into a non-skill based system, which is the exact opposite of what the reference teaches. Appellants also note that the suggested modification would render the prior art (Hannan) unsatisfactory for its expressly stated purpose of providing "a skill based lottery system wherein winning, rather than depending on a random selection, is determined by the outcome of a pre-selected sporting event or events." See MPEP § 2143.01(V) ("If proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification.").

Further, the Champion reference also teaches away from the modification suggested by the Examiner. The stated objects of the invention disclosed in Champion are to provide an apparatus and method designed to "increase the betting knowledge and interest as well as

attendance of the public at parimutuel events;" "provide an admission ticket for a parimutuel event which awards the purchaser patron with a wager that may be placed by the patron upon a selected betting interest;" and "to provide an admission ticket to a parimutuel event that not only awards the purchaser patron with a wager but includes the limitation of that wager to, for example, a particular betting interest, a particular race or a particular type of bet so as to educate and increase the interest of the public both in the sport and parimutuel wagering." Col. 1, lines 50-65. In other words, the purpose of the invention is to encourage a race track patron to learn to place parimutual wagers. This purpose is only accomplished if the patron learns to make a bet upon a particular horse (betting interest<sup>30</sup>) in the typical fashion—by selecting the actual horse or horses that the patron believes will win or place highly in the race. Combining the references to create a system where the wagerer does not know which horse corresponds to the bet at the time the bet is placed would defeat the whole purpose of the invention disclosed in Champion. Such a system could not possibly educate or increase the interest of the public in horse racing or parimutuel wagering because such a system would have almost nothing in common with actual horse racing or parimutuel wagering.

Finally, Appellants note that an acceptable reason for a combination of references must be able to justify the combination in the fashion claimed by the rejected claims. *KSR Int'l Co. v. Teleflex, Inc.*, 127 S.Ct. 1727, 1740-41(2007). Here, even if the references were combined to allow random picks "thereby increasing the number of players who may be interested in the game," there would still be no reason to modify the references in the fashion claimed by Appellants' claims. Hannan already provides an option for random "quick picks" that would perfectly satisfy the Examiner's reason for modification. There would be no reason at all to

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<sup>30</sup> As would be understood by a person of ordinary skill in the relevant art, the term "betting interest" is used because many bets can cover multiple horses, such as certain exotic picks or bets on multiple horses in the same race having common ownership.

modify Hannan so that random numbers are assigned to the final participants after accepting the wagers so that the wagerers do not know which participants are associated with the picked numbers when they are picked, as required by Appellants' claims. Thus, a combination or modification of the references for the reason suggested by the Examiner would not have produced the invention described in Appellants' claims.

Claims 28-34

Claims 28-34, patentable for the reasons described above, also contain additional limitations that are not found in or suggested by the references. In addition to the limitations discussed above, additional language in claim 28 makes it clear that these rejected claims require that the random association of numbers to participants occurs after all of the wagers have been accepted by requiring, among other limitations, "randomly associating with the multiple participants in the competition the numbers in the set of available lottery numbers after accepting all the multiple wagers from the wagerers."

The quick pick option taught by Hannan is clearly part of the larger skill based system where the other wagerers have selected their picks themselves. Even if the "quick pick" feature of Hannan satisfied the claim limitations discussed in the previous sections for an individual wagerer, other wagerers in the lottery system taught by Hannan select the participants directly for their wagers.

Accordingly, Appellants submit that the combination of cited references also does not teach the additional limitations of these rejected claims. Consequently, the Examiner's rejections under § 103 are improper and should be reversed.

**B. Whether Claim 30 is unpatentable under 35 U.S.C. 103(a) over Hannan in view of Champion and further in view of Perlin.**

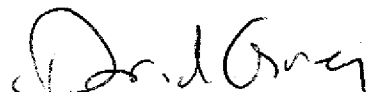
Claim 30 stands rejected under 35 U.S.C. 103(a) as being unpatentable over Hannan in view of Champion and further in view of Perlin. Perlin is only relied upon to show the particular additional limitation requiring that the competition is an entertainment award competition. The combination of Hannan and Champion is relied upon to show all of the limitations in independent claim 28. Further, Palin also fails to teach the limitations discussed above in part VII(A) of this Appeal Brief. Claim 30 is dependent upon claim 28 (discussed above) and as a result is also patentable for the reasons described above.

**CONCLUSION**

Appellants have demonstrated that claims 1, 4, 5, 8, 13, 15, 16, 19, and 28-39 are not obvious over the references. All of the claims contain limitations not taught by the references. Also, the Examiner has not provided a sufficient reason justifying a combination or modification of the references in the fashion claimed by Appellants' claims. Accordingly, it is respectfully requested that the Board reverse these rejections allow the application to issue.

Respectfully submitted,

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By:   
David Griner  
Pat. Reg. No. 47,614  
P.O. Box 164140  
Austin, TX 78716-4140  
Tel: (512) 637-0800  
Fax: (512) 306-1963

### VIII. Claims Appendix

1. (rejected) A method of administering lottery wagering on a phased competition, comprising:

determining final participants from the conclusion of a pre-qualifying event of a phased competition;

accepting a wager from a wagerer, the wager corresponding to wagering data  $D_W$  including one or more picked numbers;

assigning random numbers to the final participants;

assembling concluding data  $D_C$  for final participants after conclusion of a final event of a phased competition;

determining at least one winner from the final participants of the final event based on the concluding data  $D_C$ ;

correlating the concluding data  $D_C$  of a winner to the random number assigned to the winner;

determining winning lottery data  $D_L$  based on the correlating step such that there is an equal probability of any of the random numbers being included in  $D_L$ ; and

awarding a prize to a wagerer whose wagering data corresponds to the winning lottery data, the random numbers being assigned to the final participants after accepting the wager so that the wagerer does not know which participant corresponds to the one or more picked numbers when they are picked so that the winning lottery data is determined by the outcome of the competition but the probability of a player winning is random.

Claims 2-3 have been canceled.

4. (rejected) The method of claim 1 wherein the step of assembling concluding data  $D_C$  for final participants comprises assembling concluding ranking data of final participants of a final event.

5. (rejected) The method of claim 4 wherein the step of assembling comprises at least one function selected from the group consisting of collecting, collating, correlating, and mathematically manipulating.

Claims 6-7 have been canceled.

8. (rejected) The method of claim 1 wherein the step of determining at least one winner of the final event comprises determining  $n$  winners of the final event.

Claims 9-12 have been canceled.

13. (rejected) The method of claim 1 further comprising the step of comparing wagering data  $D_W$  to winning lottery data  $D_L$ .

Claim 14 has been canceled.

15. (rejected) The method of claim 13 further comprising the step of entering the wagering data  $D_W$  into a second lottery phase based upon the outcome of the comparing step.

16. (previously presented) The method of claim 15 further comprising the step of randomly selecting the wagering data  $D_W$  of the second lottery phase.

Claims 17-18 have been canceled.

19. (rejected) The method of claim 1 further comprising the step of trading wagering data  $D_W$  prior to conclusion of the final event.

Claims 20-27 have been canceled.

28. (rejected) A method of operating a lottery wagering system in which the winning lottery numbers are determined by the outcome of a competition involving multiple participants, comprising:

accepting multiple wagers from wagerers, each wager including a group of picked numbers, the picked numbers being a subset of a set of available lottery numbers;

randomly associating with the multiple participants in the competition the numbers in the set of available lottery numbers after accepting all the multiple wagers from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are picked;

after the competition is conducted determining the outcome of the competition;

after the outcome is determined, assigning as winning lottery numbers the random numbers from the set of lottery numbers associated with the winners of the competition;

awarding a prize to a wagerer whose picked numbers correspond to the winning lottery numbers, the winning lottery numbers being determined by the outcome of the competition, and the wagerer not knowing at the time his numbers are picked which numbers will be associated with which participants so that the probability of a player winning the lottery is random.

29. (rejected) The method of claim 28 in which the competition is a sporting event.

30. (rejected) The method of claim 28 in which the competition is an entertainment award competition.

31. (rejected) The method of claim 28 in which:

randomly associating with the multiple participants in the competition the numbers in the set of lottery numbers includes randomly assigning the numbers in the set of lottery numbers a car number corresponding to a car in a race; and

assigning as winning lottery numbers the random numbers assigned from the set of lottery numbers to the winners of the competition includes assigning as winning lottery numbers the random numbers assigned to the winners of the race.

32. (rejected) The method of claim 28 in which:

randomly associating with the multiple participants in the competition the numbers in the set of lottery numbers includes randomly assigning the numbers in the set of lottery numbers to individuals in a tournament; and

assigning as winning lottery numbers the random numbers assigned from the set of lottery numbers to the winners of the sporting event includes assigning as winning lottery numbers the random numbers assigned to the winners of the tournament.

33. (rejected) The method of claim 28 in which accepting multiple wagers from wagers includes accepting a wager including a group of picked numbers selected by a computer program or a group of picked numbers selected by a wagerer.

34. (rejected) The method of claim 28 in which accepting multiple wagers from wagerers includes accepting at least some wagers over a communication link.

35. (rejected) The method of claim 34 in which the communication link is selected from the group consisting of tickets, landline telephone, radio frequency, computer network, Internet, and World Wide Web.

36. (rejected) Computer readable media including computer instructions for carrying out the steps of:

accepting multiple wagers from wagerers, each wager including a group of picked numbers, the picked numbers being a subset of a set of available lottery numbers;



randomly associating with the multiple participants in the competition the numbers in the set of available lottery numbers after accepting the wagers from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are picked;

receiving the outcome of the competition;

after the competition is conducted and the outcome is determined, assigning as winning lottery numbers the random numbers from the set of lottery numbers associated with the winners of the competition; and

awarding a prize to a wagerer whose picked numbers correspond to the winning lottery numbers, the winning lottery numbers being determined by the outcome of the competition, and the wagerer not knowing at the time his numbers are picked which numbers will be associated with which participants so that the probability of a player winning the lottery is random..

37. (rejected) A lottery system, comprising:

a computer processing unit;

a computer memory storing computer instructions for carrying out the steps of:

accepting multiple wagers from wagerers, each wager including a group of picked numbers, the picked numbers being a subset of a set of available lottery numbers;

randomly associating with the multiple participants in the competition the numbers in the set of available lottery numbers after accepting the wagers from the wagerers, so that the wagerers do not know which participants are associated with the picked numbers when they are picked;

receiving the outcome of the competition;

after the competition is conducted and the outcome is determined, assigning as winning lottery numbers the random numbers from the set of lottery numbers associated with the winners of the competition; and

awarding a prize to a wagerer whose picked numbers correspond to the winning lottery numbers, the winning lottery numbers being determined by the outcome of the competition, and the wagerer not knowing at the time his numbers are picked which numbers will be associated with which participants so that the probability of a player winning the lottery is random.

38. (rejected) The method of claim 13 in which entering wagering data  $D_W$  into a second lottery phase based upon the outcome of the comparing step includes entering wagering data into a second lottery phase having the lottery results determined by the concluding data  $D_C$ .

39. (rejected) The method of claim 28 in which randomly associating with the multiple participants in the competition the numbers in the set of available lottery numbers includes randomly associating with multiple participants that have performed sufficiently well in a prequalifying even to obtain a place in a final event.

**IX. Evidence Appendix**

None.

**X. Related Proceedings Appendix**

None.